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Social and Economic Baseline Study Monticello BLM Field Office, San Juan County

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1.0 INTRODUCTION AND BACKGROUND

This baseline study documents the characteristics (represented by demographic statistics as well as explanations of community identity) of the existing social and economic environment in San Juan County, Utah. Associated with revisions of the Bureau of Land Management (BLM), Monticello Field Office Resource Management Plan (RMP), this study will be used in evaluating potential, relative changes to the social and economic environment. Specifically, RMP alternatives that are developed for potential implementation will be preliminarily assessed in terms of degree, type, and quality of impact upon the social and economic environment in comparison to this baseline study.

San Juan County is situated in southeastern Utah, bordering Colorado and Arizona. Unique to San Juan County, almost half of the population of the County comprises Native Americans, and there are approximately 1.3 million acres of Reservation lands within the County. Where data is available, the Navajo Nation is discussed as a unique subset of the greater population.

1.1 General Methodology

Social and economic analysis has traditionally involved gathering available data to prepare a report describing the area. While this is always an important step in understanding a community, an additional, crucial step was taken in attempt to understand and document conditions in San Juan County: collaboration with its citizens and other interested parties.

With the assistance of the Sonoran Institute, a workshop was held in San Juan County to present preliminary data and to get feedback on whether this data accurately described the community. Participants in the San Juan County workshop consisted of members of the Public Lands Council, business owners, elected officials, scientists, and citizens. Workshop participants were asked to comment on the data to be used as well as supplement the data with their perceptions and values. The results of this workshop have been incorporated into this baseline report and are used frequently to help describe data and trends.

1.2 Sources and Assumptions

A social and economic assessment uses quantitative, qualitative, and participatory methods of data collection. The Sonoran Institute has developed an automated system for developing customized socioeconomic profiles. Called the Economic Profile System (EPS), it allows users to automatically and efficiently produce socioeconomic profiles for any region in the western United States. The profile contains tables and figures that illustrate long-term trends in population, employment, and personal income by industry, average earnings, business development, commuting patterns, and agriculture, as well as retirement and other non-labor income. It includes information derived from the 2000 Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics. In addition to the EPS-generated data, the following sources were used to supplement the analysis.

- Utah Department of Workforce Service
- Utah Travel Council
- San Juan County Master Plan

- Minerals Management Revenue Service
- State of Utah Division of Oil, Gas and Mining

1.3 Context and History

The economy of the West has changed dramatically in the last 50 years. While the West once represented an expanse of opportunity to gain wealth from the land, economies in the West have since grown more diverse, typically relying on many other sectors of the economy for sustainability. As more people are moving to rural areas, Western communities are experiencing the largest population boom ever. This growth is slower in San Juan County than in some adjacent areas, but residents have still expressed this trend as a challenge. With growth comes the challenge of maintaining the rural identity of a community, while also maintaining a healthy sustainable economy (Sonoran Institute 2003).

Western rural towns are often surrounded by public lands and, therefore, are affected by decisions that are made with regard to these lands. This is certainly true in San Juan County, where the federal government administers 61% of the total land in the County, approximately two-thirds of which (or 41.5% of total County land) is administered by the BLM. A very small percentage of County lands are private, only 8.2%, which heightens community interest in public lands management. Table 1 shows the land composition of the County.

Table 1. Land Jurisdiction in San Juan County						
	Total Acres	% of County				
Federal Lands	3,054,127	61.0				
(BLM Lands; a subset of Federal)	(2,076,670)	(41.5)				
Tribal Lands	1,275,007	25.5				
State Lands	263,650	5.3				
Private	412,778	8.2				
Total Acres within the County	5,005,561	100.0				
Source: Utah Travel Council, 2001.						

The high acreage of Navajo lands is a significant factor in the social and economic conditions of the County, as in the case of San Juan County's unique tax laws regarding the Reservation. For example, while oil and gas companies as well as other Anglo businesses on the Reservation are taxed by the County, the personal property of tribal members (e.g., homes, vehicles) on the Reservation do not contribute to the County's tax base. Under another law, the Reservation receives revenue from oil and gas lease fees on its land, although it is not eligible to receive royalties generated from oil and gas production. The Navajo Nation receives services from other providers as well. The Navajo Tribe Utilities Authority (NTUA), as opposed to the county services, provides infrastructure services such as sewer and water on the Reservation. San Juan County's law enforcement is not used on the Reservation, although the County search and rescue is used by the Reservation.

1.4 Relationship to the San Juan County General Plan

The San Juan County General Plan was developed with the input and guidance of San Juan County residents. As such, it is a reflection of the values and goals of the community and is used to inform the social and economic assessment for the BLM Resource Management Plan. The plan states:

[B]ecause so much of the potential wealth of the County is dependent on public land resources the County feels that all public land management agencies should actively solicit and adequately consider County input when making and implementing public land and resource management decisions. The County will encourage this interaction by participating in all public land management planning processes relevant to the welfare of the County and its residents (San Juan County Master Plan 1996:5).

Regarding planning for BLM lands, San Juan County notes in the policy section of its plan that the BLM is obligated to coordinate its land use plans with the County's plan and take all practical measures to resolve conflicts between them. Through this plan, San Juan County is working to support and maintain public land practices that provide for traditional "multiple use" decisions within San Juan County. The County views access to and use of public lands as important to economic survival. Specific points made in the County's plan that are relevant to the development of the RMP include:

- The County will actively work to support and maintain those public land practices that provide for traditional "multiple use" decisions within San Juan County.
- San Juan County is actively working to maintain and preserve public land access throughout the entire county.
- San Juan County supports responsible public land recreation and tourism.
- The County will actively participate in meaningful dialogue with regard to public land classification issues and designation decisions.
- The County encourages responsible management of public land resources.
- The County supports a "no net increase" of public lands within the County.
- San Juan County supports better cooperation among the County, Tribal governments, and communities in land-use and development plans.

Specifically related to economic development within the County, the following objectives are stated:

- Raise the average annual income in San Juan County to equal the average annual income in the state of Utah.
- Decrease the amount of retail leakage in San Juan County.
- Increase the amount of money earned outside San Juan County that is spent within the County.
- Expand current recreation opportunities to meet desired future conditions in the goals stated above.

• Support value-added agriculture.

2.0 SOCIAL SETTING

2.1 Community Identity

Through workshops with the Sonoran Institute, a cross-section of the San Juan County community gathered to express its identity and values. Generally, San Juan County is a collection of rural communities, and because of the uniqueness of the land, San Juan County's community identity is strongly tied to traditional land-based values. The culture is conservative in nature with much of the identity and activities based around the Latter Day Saints faith, creating close-knit communities. Ranching and farming has been a part of these communities since the mid 1800s. As in the past, most of today's farmers and ranchers in San Juan County live within these communities, farming and ranching the surrounding lands. Presently, residents feel that most of the industry in San Juan County is supported by public lands. With it being so closely tied to the identity of this county, citizens have a strong sense of urgency when it comes to the use of these lands. When asked to identify the unique characteristics of the community, the Socioeconomic Discussion Group specified the following:

- Scenery
- Isolation
- Climate
- Public land with easy access
- Quality of life
- No traffic
- Amount of public land
- Roads and access to lands
- Stable population

When asked about weaknesses in their community, the group identified the following:

- Insufficient infrastructure: lack of transportation and communication infrastructure
- Small tax base—little private land
- Lack of water, frequent drought conditions
- Isolation
- An aging population, the community losing its youth
- Boom and bust cycle of the economy

The points raised by the discussion group were used to check for correlations between the perception of the community and the actual data.

The major presence of the Navajo Nation makes San Juan County's identity especially unique. The Navajos are believed to have entered the Southwest during the mid to late 1500s and southern Utah by the 1600s. Migration onto lands under jurisdiction of the Monticello Field

Office is indicated by a Navajo petroglyph at Bluff, Utah, which is in eighteenth-century style. The Navajo presently occupy a Reservation that covers much of northeastern Arizona and northwestern New Mexico, as well as a portion of San Juan County in southern Utah. Their traditional lands covered the area bounded by the four sacred mountains: Blanca Peak, Mount Taylor, the San Francisco Peaks, and the La Plata Mountains.

Over the last 10 years, the Navajo Nation has gone from living in scattered units to living in more consolidated centers, such as Aneth, Montezuma Creek, and Ship Rock, New Mexico. This shift has made it easier to make essential services more available to tribal members. However, not all Navajos have made this shift. More traditional people and the elderly have been more reluctant to change their living circumstances.

The Navajo Nation currently depends less on grazing of sheep and the sale of sheep products and more on wage work than in the past. A large percentage of available jobs are government jobs, and many people travel off the Reservation for this work. Crafts have been an important way for Navajos to augment wage income, and most of the resources needed are found on public lands. These resources include firewood, pinyon nuts, willow for baskets, cottonwood root for carving, and plants to make paint pigment. Continued use of these lands and its resources are important in sustaining this aspect of Navajo livelihood. An extensive ethnographic study is being done for the Monticello Resource Management Plan.

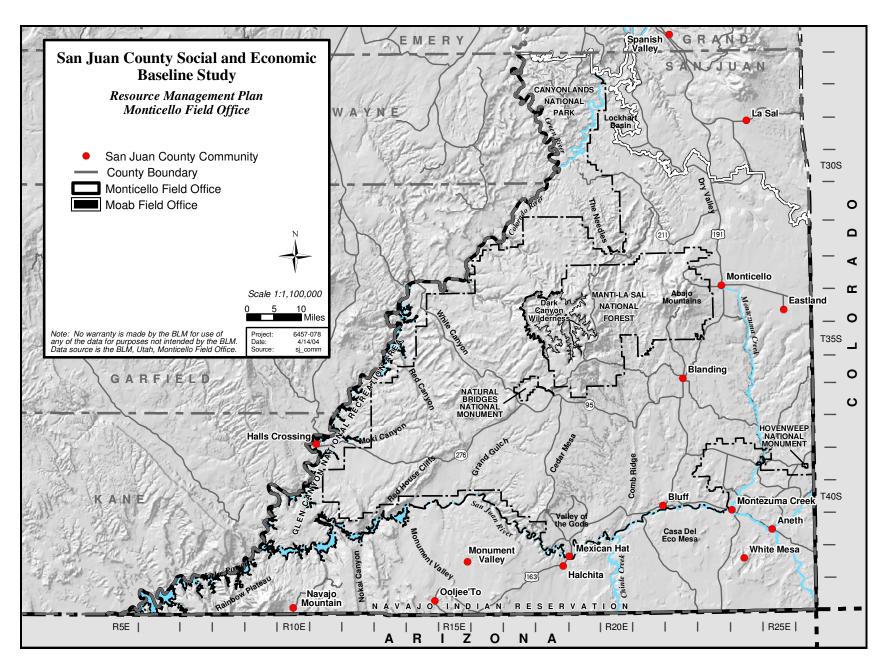
2.2 Current Social Characteristics

2.2.1 Communities in San Juan County

San Juan County is a collection of diverse communities. Blanding and Monticello are the only incorporated towns and together contain the majority of the population of the County. Ooljee'To, Aneth, Montezuma Creek, Navajo Mountain, and Halchita are all communities within the Navajo Reservation. White Mesa is associated with the Ute tribe. Each community is described in Table 2.

Table 2. Con	Table 2. Communities in San Juan County							
Community	Population	Structure	Characteristics					
Blanding	3,162	Incorporated	Largest community in San Juan County. Higher education including College of Eastern Utah – San Juan branch, and Utah State University Education Facility. Edge of Cedars State Park, Dinosaur Museum.					
Monticello	1,958	Incorporated	Serves as the County seat, home of government offices for San Juan County. Location of BLM Monticello Field Office, and the La Sal Division of the United States Forest Service.					
Monument Valley Ooljee'To	864	town	Communities function together. Monument Valley is a Navajo Tribal Park known for scenic beauty. Gouldings Lodge associated with the Park is the major employer for the community.					
Aneth	598	Unincorporated town Navajo Chapter Headquarters	Home to Aneth oil field, a major producer of oil and gas in Western states. Location of Navajo boarding school.					

Community	Population	Structure	Characteristics
Montezuma Creek	507	Unincorporated town Part of Navajo Nation	Aneth oil field is close and provides jobs. Hovenweep National Monument is 20 miles northeast.
La Sal	400	Unincorporated town	Closely tied to Moab and Grand County. Settled originally for ranching, has experienced the boom and bust cycles of mining, and now most people work in Moab.
Navajo Mountain	379	Unincorporated town Navajo Chapter Headquarters	Remote from anywhere in San Juan County
Mexican Hat Halchita	358	Unincorporated town Navajo Nation	Mexican Hat is on the north side of the San Juan River and Halchita is on the south side. Halchita is part of the Navajo Nation.
Bluff	320	Unincorporated town	On the bank of San Juan River. First Anglo-settled community in the County. Historic community with many Victorian homes still in use. Staging area for San Juan River trips. Many outfitters based in Bluff.
White Mesa	277		Branch of Ute Mountain Tribe headquartered in Colorado. Sits between Blanding and Bluff.
Spanish Valley	181	Unincorporated town	Closely aligned with Moab and Grand County, although lies within San Juan County
Eastland	130	Unincorporated town	Settled as a farming community and is still surrounded by cultivated fields.
Halls Crossing	89	Unincorporated town	On the shores of Lake Powell. Employment is dependent on Lake activities.



2.2.2 Population and Growth

In 2000, the U.S. Census reported a population of 14,399 in San Juan County, a 14% increase from 1990 (Census 2000). The Governor's Office of Planning and Budget for the state of Utah projects that population in 2005 will reach a total of 14,734, and by 2030 will reach 19,459. The population growth rate of San Juan County is slower than that of the state of Utah: approximately 1% annual growth in the County, versus 2.3% annual growth in the state. Long-term trends show steady growth; from 1970 to 2000, San Juan County grew by 4,680 people, a 48% increase in population.

2.2.3 Demographics

The median age for the County is 25.5, similar to the state median age of 27.1. Table 3 shows population characteristics in San Juan County. Forty three percent of the population is under 20 years old, a 4% decrease since 1990.

Table 3. Population by Category in San Juan County, 1990 and 2000									
	1990	% of Total	2000	% of Total	% Chg, 1990–2000	% Chg per Year, 1990–2000			
Population	12,621		14,413		14%	1.4%			
Male	6,245	49%	7,190	50%	15%	1.5%			
Female	6,376	51%	7,223	50%	13%	1.3%			
Under 20 years	5,898	47%	6,176	43%	5%	.5%			
65 years and over	890	7%	1,214	8%	36%	3.6%			
Median Age			25.5						
Source: Sonoran Institute	Source: Sonoran Institute, EPS, 2003.								

San Juan County has a large number of Native American residents. Of the total population of San Juan County, 40.8% are white and 55.7% are Native Americans. In the state of Utah as a whole, only 1.3% of the population is Native American. Approximately 3.7% of the County population is Hispanic (Census 2000). The Navajo Reservation has experienced strong growth in its middle-aged population and slow growth in its young population. In 2000, nearly half of the population on the Reservation was between 20 and 65 years old (Census 2000). Table 4 shows population by race in 2000.

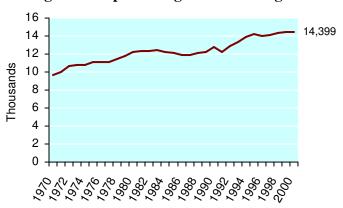
Table 4. Population by Race in San Juan County, 2000							
	County	% of Total	State	% of Total			
White	5,876	40.8%	1,992,975	89.2%			
Black or African American	18	0.1%	17,657	0.8%			
American Indian or Alaska Native	8,026	55.7%	29,684	1.3%			
Asian	25	0.2%	37,108	1.7%			
Native Hawaiian or Other Pacific Islander	5	<0.01%	15,145	0.7%			
Other race	245	1.7%	93,405	4.2%			

Two or more races	218	1.5%	47,195	2.1%
Hispanic or Latino (of any race)	540	3.7%	201,559	9.0%
Source: Sonoran Institute, EPS, 2003.				

2.2.4 Population Migration

While the population of San Juan County has steadily grown over the last 30 years, the migration patterns have experienced slight dips and peaks. Through the 1970s, the population increased slowly. Through the 1980s, out-migration of the population occurred as mining jobs decreased. The population migration patterns through the 1980s and 1990s in San Juan County are symptomatic of the relationship between economy and population. As the economy grows, more jobs bring an influx of residents. As jobs decline, residents migrate elsewhere in search of work.

Figure 1. Population growth and migration in San Juan County, 1970–2000.



Why? As jobs grow, so does a population. The mining industry boom of the 1980s brought population growth, while the bust in the late 80s shows a slight decline in population in 1991.

Source: Sonoran Institute, EPS, 2003.

2.2.5 Housing

San Juan County has a total of 5,449 housing units including housing on the Navajo Reservation. Seventy-five percent of housing is occupied. Thirteen and a half percent of households are for seasonal and recreational use. This figure represents a high proportion of second homes in the County, compared with 3.9% statewide. Twenty percent of housing units are renter occupied. Average household size for owner occupied housing is 3.6 residents, higher than the state's average of 3.3. Table 5 shows housing characteristics in San Juan County.

Table 5. Population by Household Type in San Juan County, 2000							
	County % of Total State						
Total Housing Units	5,449		768,594				
Occupied Housing Units	4,089	75%	701,281	91.2%			
Vacant Housing Units	1,360	25%	67,313	8.8%			
For Seasonal, Recreational, or Occ. Use	733	13.5%	29,685	3.9%			
Homeowner Vacancy Rate (%)	2.1%		2.1%				
Rental Vacancy Rate (%)	12.8%		6.5%				

	County	County % of Total		% of Total
Housing Tenure	County	% of Occ.	State	% of Occ.
Occupied Housing Units	4,089		701,281	
Owner-occupied Housing Units	3,242	79.3%	501,547	71.5%
Renter-occupied Housing Units	847	20.7%	199,734	28.5%
Avg Household Size - Owner Occupied	3.6		3.3	
Avg Household Size - Renter Occupied	3.1		2.8	

3.0 ECONOMIC SETTING

Several indicators show the composition of a community's economy. Job base and business composition show the relationship between the economy and people, while a discussion of market sectors helps to describe the relationship between the economy and the land base. Both are discussed below.

3.1 Employment

Jobs are typically classified with two systems: the Standard Industrial Classification System (SIC) and the National American Industrial Classification System (NAICS). Each system categorizes jobs differently. Historically, SIC codes have been used to describe employment, but they are limited in their scope. The more recent NAICS codes provide more detail but fail to show historic patterns. Both systems are used for this baseline study.

In 2000, 5,618 jobs were identified in San Juan County. Wage and salary employment included approximately 79% of the total market while the remaining 21% was from proprietorships, including sole ownerships, partnerships and tax-exempt cooperatives. The Services and Professional Sector is the largest employment sector in the County comprising 46% of the market. The Government sector accounts 30% of the total employment. The remaining jobs are in Farm and Agriculture Services, Mining, and Manufacturing. Note that the services sector includes services, retail trade, finance industries, transportation and public utilities, and wholesale trade (Table 6).

Table 6. Changes in Employment by Industry (SIC code), San Juan County, 1970 and 2000						
	1970	% of Total	2000	% of Total	New Employment	% of New Employment
Total Employment	2,818		5,618		2,800	
Wage and Salary Employment	2,272	80.6%	4,413	78.6%	2,141	76.5%
Proprietors' Employment	546	19.4%	1,205	21.4%	659	23.5%
Farm and Agricultural Services	414	14.7%	N/A	N/A	N/A	N/A
Farm	398	14.1%	318	5.7%	-80	NA

Table 6. Changes in Employment by Industry (SIC code), San Juan County, 1970 and 2000

2000						
	1970	% of Total	2000	% of Total	New Employment	% of New Employment
Agricultural Services	16	0.6%	N/A	N/A	N/A	N/A
Mining	423	15.0%	313	5.6%	-110	NA
Manufacturing (incl. forest products)	147	5.2%	220	3.9%	73	2.6%
Services and Professional	N/A	N/A	N/A	N/A	N/A	N/A
Transportation and Public Utilities	125	4.4%	181	3.2%	56	2.0%
Wholesale Trade	N/A	N/A	101	1.8%	N/A	N/A
Retail Trade	335	11.9%	763	13.6%	428	15.3%
Finance, Insurance and Real Estate	N/A	N/A	N/A	N/A	N/A	N/A
Services (Health, Legal, Business, Others)	378	13.4%	1,509	26.9%	1,131	40.4%
Construction	147	5.2%	303	5.4%	156	5.6%
Government	791	28.1%	1,678	29.9%	887	31.7%

Agriculture Services include soil preparation services, crop services, etc. It also includes forestry services, such as reforestation services, and fishing, hunting, and trapping. Manufacturing includes paper, lumber and wood products manufacturing. Source: Sonoran Institute, EPS, 2003.

Characteristic of the rest of the state as well as the country, San Juan County has seen a large increase in the Services and Professional sector in the last two decades. Growth in tourism along with a decrease in mineral development and agricultural operations in the County, can be largely credited for the increase. This sector is expected to see continued growth.

Growth in the Government job sector can be primarily attributed to jobs created in state and local government. While federal and military jobs remained stable, local and state government jobs grew from approximately 600 jobs in 1970 to more than 1,200 jobs in 1998 (Census 2000).

The NAICS codes provide more detailed information on job sectors, especially on Services (Figure 2). According to the NAICS codes, the fastest growing categories under Services and Professional are:

Services (which includes health, business, legal, engineering and management services), representing 27% of total employment in 2000.

Retail Trade, accounting for 14% of total employment.

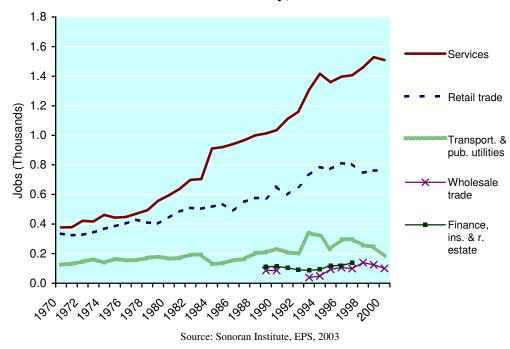


Figure 2. Employment within the Services sector in San Juan County, 1970–2000.

According to the Utah Department of Workforce Services, the largest employers in San Juan County are (in order):

- San Juan County School District
- The Navajo Nation
- Aramark Services
- College of Eastern Utah
- State of Utah
- San Juan County
- Monument Valley Lodge
- Rural Child Development
- International Uranium Corp.

Although not shown by the Department of Workforce Services, the federal government, especially the BLM, Bureau of Indian Affairs, Forest Service, and National Park Service, has a large presence in San Juan County. Additionally, 24% of all new employment between 1990 and 2000 was by sole proprietors, which is now total 21% of the total employment in San Juan County.

Perhaps more important to understanding the economy of San Juan County are trends in economic activity. Between 1970 and 2000, the San Juan County economy experienced a dramatic shift in job base. As shown in Figure 3, the economy shifted away from mining in the

1980s. Discussions with the community identify this curve as the "mining bust." Ed Scherick, San Juan County Planner, in a memo to the BLM on February 10, 2004, states that

the real reason for the 'bust' was due to the shift towards a cheaper free market. This market went to cheaper sources to purchase the product because of time and costly delays created by environmental regulation and lawsuits. Agencies also placed more and more restrictions on exploration and development on leaseholders until they reached a point of collapse.

As jobs were lost in mining, jobs in trade and services increased dramatically. It is important to note that a lack of data in the SIC codes is reflected in the Services and Professional sector of employment. However, the general recognizable trend in this sector is an increase in jobs in trade and services over the last 15 years. The trade and service sector employees a large amount of people to support the tourism industry around Lake Powell; however, many of these jobs are seasonal in nature, with most lasting from April to mid October.

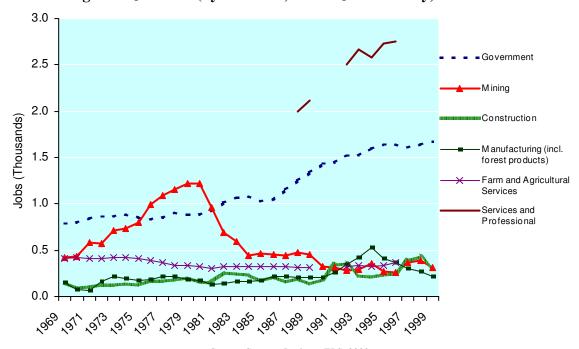


Figure 3. Job base (by SIC code) in San Juan County, 1969–1999.

Source: Sonoran Institute, EPS, 2003.

Like the composition of the job base in San Juan County, personal income has also shifted. Figure 4 shows that income from the mining industry decreased dramatically through the 1980s. The Federal Land Policy and Management Act of 1976 and other federal environmental laws including the Clean Air Act and Clean Water Act increased the cost of mineral exploration, resulting in buyers looking to cheaper sources of uranium in other parts of the world. Although these new laws and regulations impacted the industry, increasing public health concerns, the resolution of the energy crisis of the late 1970s, and the end of federally subsidized mining programs, brought San Juan County's uranium industry to a halt. These jobs typically paid more than other sectors of the employment market. Non-labor sources (including investments, retirement earnings, and government assistance) have proven to be the steadiest source of income

since 1970 and continue on an upward trend, while construction and manufacturing have provided income consistently lower than other sectors of the economy.

Income generated from ranching and grazing actually dipped into the negative in the late 1990s. During this period, farmers were being paid under government programs such as the CRP program to not grow crops, while some lands were being put into conservation easements to protect the Gunnison Basin sage grouse. Extended drought caused operators to reduce the numbers of cattle they could run on federal rangelands. Large numbers of livestock were sold at market and not replaced (Figure 4).

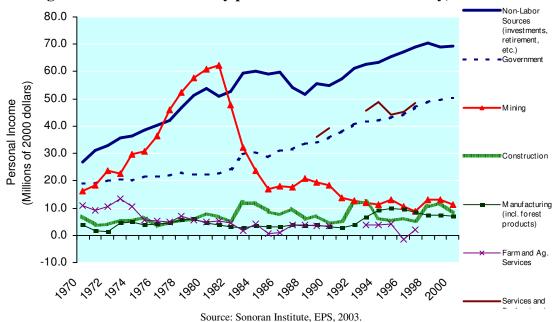


Figure 4. Personal income by profession in San Juan County, 1970–2000.

Trends in job earnings have also changed over the last two decades as industries have changed. Over the last 20 years, earnings have dropped. Average earnings decreased from approximately \$27,000 annually to just over \$22,000 annually (in constant dollars). The decrease can be attributed to the decline in the mining sector and the subsequent loss of jobs. The average annual non-farm proprietor income dropped dramatically, from approximately \$35,000 to approximately

\$18,000. Figure 5 shows personal income trends.

\$40,000 \$30,000 \$25,000 \$15,000 \$10,000 \$5,000 Average earnings per job (dollars) — Average wage and salary disbursements — Average nonfarm proprietors' income Source: Sonoran Institute, EPS, 2003.

Figure 5. Average earnings in San Juan County, 1970–2000.

Why? A change in the economy can bring about changes in earning. If mining were the primary income source of jobs in the early 1980s, and mining paid higher incomes, and hourly wages are typically lower in the services sector, as the economy shifted from mining to services, income naturally drops with wages.

When compared with the state of Utah, the Navajo Nation's median household income is much lower. In 1999, the median household income for the state of Utah was \$45,726, while for the Navajos it was \$15,258. This number is an increase from 1989, when Navajo median household income was \$12,624.

San Juan County unemployment has been consistently higher than state unemployment and national unemployment. In 2001, the unemployment rate in San Juan County was approximately 9%, compared to 4.4% for the state and 4.8% for the nation. In 1993, unemployment in San Juan County dropped to a low of approximately 6.5%, matching the national unemployment rate for that year. The remediation of uranium mills in the early 1990s contributed to the improved job base. It began rising again in 1994, to 8.1%. Figure 6 shows the fluctuation in unemployment patterns in the County.

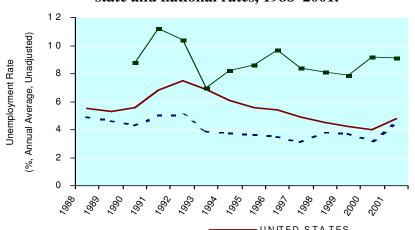


Figure 6. Unemployment rate in San Juan County, compared to state and national rates, 1988–2001.

Source: Sonoran Institute, EPS, 2003.

SAN JUAN COUNTY, UT

Over the past two decades, the Navajo Reservation has consistently experienced unemployment rates substantially higher than the state average. In 1988, the unemployment rate in Utah was approximately 5.5%; in San Juan County it was approximately 8%, and on the Reservation it was almost 40%. This rate decreased to just above 30% in 2000 (Census 2000).

3.2 Composition of Businesses

The following table shows the composition of businesses in San Juan County. Consistent with the composition of jobs, most businesses are in the services industry (this does not include Government jobs, which are not listed in Businesses). Figure 7 shows composition of businesses in 2000.

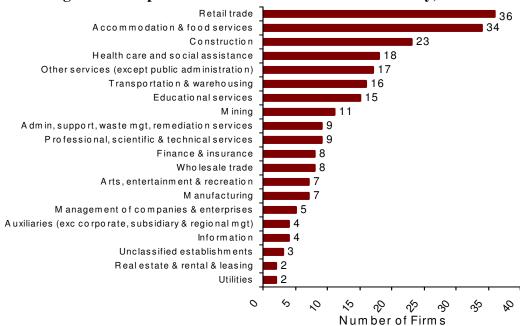


Figure 7. Composition of businesses in San Juan County, 2000.

Source: Sonoran Institute, EPS, 2003.

3.3 Specific Sectors of the Economy

While employment and business composition help illuminate the relationship between economy and people, sectors of the economy help describe the relationship between the economy and the land. For example, tourism, agriculture, and oil and gas are directly related to BLM lands. The discussion below describes land-based industries in greater detail.

3.3.1 Tourism

Tourism is considered a resource-based industry, because visitors come to the County to recreate on BLM lands and rivers. These same visitors contribute to the tax base of the County, which helps stimulate the local economy. The Utah Travel Council publishes various measures of tourist activity in each County. Tourist spending, visitation to locations in close proximity, as

well as tax collections from tourist activity are indicators of tourism in San Juan County and its importance to the overall economy.

Traveler spending in San Juan County has grown slowly and consistently over the last decade. In 1990, traveler spending was slightly under \$33 million. Traveler spending peaked in 1999, at over \$45.7 million. Traveler spending decreased to \$37.4 million in 2001. Figure 8 shows traveler spending for the last decade.

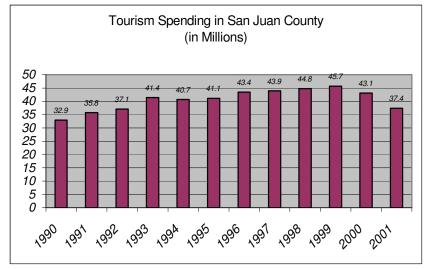


Figure 8. Tourist spending in millions, San Juan County, 1990–2001.

why? The drop in tourist spending can be attributed to a drop in the overall economy of the nation. One reason identified by the community is the events of September, 2001 that dropped travel numbers from previous years.

Another explanation given by the community is that the perception of drought has kept some travelers away from the area.

Source: Utah Travel Council, 2002.

The State of Utah Travel Council reports several additional figures related to tourism, including local tax revenue from tourist activity. Revenues for 2002 were estimated at \$778,000, down 13.3% from 2000. It is important to note that many tourists spend their money in and around the city of Moab in Grand County, before traveling to San Juan County to recreate.

In 2001, San Juan County ranked eleventh out of 29 counties in the state for gross taxable room rents: \$7.7 million. Gross taxable room rents increased steadily from 1996 to 1999 and have dropped slightly from 1999 to 2001. In 2001, San Juan County was also eleventh in collection of transient room tax: \$231,000. This number reached its peak in 1999 and has slowly dropped since then. San Juan County does not collect restaurant or car rental taxes (Travel Council 2000). Visitation to the San Juan County area remained high in 2001, compared with past years. Table 7 shows visitation to several locations in San Juan County, outside of BLM lands, that can be used as indicators for visitation.

Table 7. Visitation to Local Attractions in San Juan County, 2001	
Count Location	Visitors
US 491 UT/CO Border	771,975
SR 262 UT/AZ Border	700,800
Glen Canyon N.R.A.	2,568,111
Monument Valley	358,573
Canyonlands National Park	401,558
Gooseneck State Park	33,265
Rainbow Bridge National Monument	112,573
Hovenweep National Monument	43,325
Natural Bridges National Monument	112,573
Source: Utah Travel Council, 2002.	•

3.3.2 Agriculture

The 1997 Census of the Agriculture reported a total of 231 farms in San Juan County, with a total of 1,673,079 acres in farms, including livestock operations. Of this total, cropland acres equaled 150,143.

The agriculture industry has declined in the last three decades. Several factors contributed to the decline, including drought, market prices as well as world politics. Note in Figure 10 that in 1984 and 1996, which were two extreme drought years, the agricultural economy in the County was devastated, causing personal income to drop into the negative. In 1970, total net income from farming and ranching in San Juan County was \$8.8 million. By 1985, that number had dropped to \$-0.8 million and in 2000, to an all-time low of \$-2.1 million. Negative net income means that production expenses were higher than gross income. In San Juan County, 41% of gross income is from livestock and products, and 12% of gross income is from crop production. The remainder of income is from government payments and rents received.

The composition of livestock and crop production has also shifted in the last decade. In 1970, 52% of gross farm income was from livestock, while 28% was from crops. Gross income from crops has dropped by 16% since 1970. Figure 9 shows trends in agriculture as it relates to personal income since 1970. Figure 10 shows the decrease in personal income from farming and ranching.

35.0
30.0
30.0
25.0
20.0
15.0
5.0
0.0

Figure 9. Personal income from agriculture in San Juan County, 1970–2000.

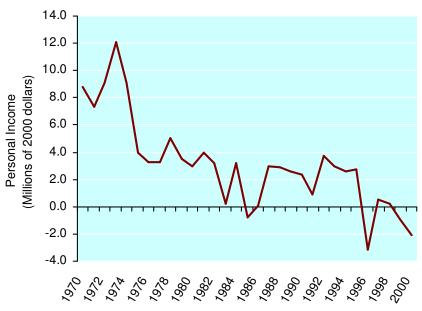
Source: Sonoran Institute, EPS, 2003.

Gross income

Total crops

Total livestock & products Imputed income & rent received Government payments

Figure 10. Decrease in personal income from farming and ranching in San Juan County, 1970–2000.



Source: Sonoran Institute, EPS, 2003.

3.3.3 Oil and Gas

The Minerals Management Service of the state of Utah compiles and publishes statistics for annual sales volume for oil and gas and monetary disbursements to states from oil and gas production. For the 1999 fiscal year, San Juan County reported a total of \$4,656,266 in sales volume for gas and \$635,866 in sales volume for oil. Royalty values to the state of Utah were \$1,000,858 and \$210,565, respectively. The amount disbursed to the state was \$511,504 for gas and \$421,834 for oil. Oil and gas production has been steadily declining since 1990.

Oil and Gas Production

35,000,000
30,000,000
25,000,000
15,000,000
10,000,000
5,000,000
1984
1990
1995
2000

Figure 11. Oil and gas production in San Juan County, 1984–2000.

Source: State of Utah, Division of Oil Gas and Mining, 2003.

The number of permits for wells in San Juan County has fluctuated but has declined overall in the last decade. Tom Brown Inc. is the largest producer of natural gas in the area. The company is located in located in San Juan County, in Lisbon Valley and primarily on BLM Moab Field Office lands. Tim Brown Inc. employees approximately 55-70 people, producing an average of 48 to 55 million cubic feet estimated(CFE) per day.

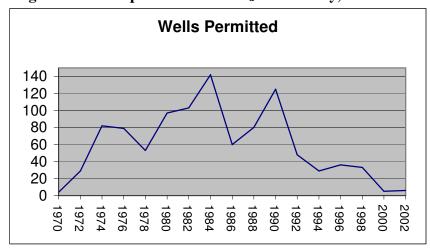


Figure 12. Wells permitted in San Juan County, 1970–2002.

Source: State of Utah, Division of Oil Gas and Mining, 2003.

4.0 RELATIONSHIP BETWEEN ECONOMY AND PUBLIC LANDS

There is an important link between the management of lands and the health of the economy. The health of an industry translates into jobs and prosperity. The industries described above rely on the use of public lands. Also important is the relationship between the economy and the social structure of the community. The information below is provided as an assessment of the dependencies of land based industries on BLM lands.

4.1 Tourism

The economy of San Juan County is maintained in part by the tourist industry as described above. An assumption can be made that BLM lands provide a portion of the recreation resources that draw visitors.

- Recreation and tourism generated local tax revenues of \$778,000 for San Juan County in 2001, representing 14.7% of total tax revenues collected. (Determined by taking total taxable sales, multiplied by 6%, and dividing the taxable travel spending by this number).
- The recreation/tourism employment rate is 20%.

Visitors spend money on a variety of local goods and services in San Juan County. Although BLM lands are a major draw, especially the San Juan River and Grand Gulch, local tourism is also generated by the National Park Service and Tribal lands. Recreation areas that contribute to the tourism economy include Canyonlands National Park, Monument Valley, and Lake Powell.

4.2 Agriculture and Grazing

The Monticello Field Office planning area totals 4,583,015 acres, of which 2,376,409 acres (52%), excluding Squaw Canyon in Colorado) are within grazing allotment boundaries. Within the total planning area, 1,785,121 acres are BLM land, of which, 1,768,781 acres (99%) are within grazing allotments.

Other lands within the grazing allotment boundaries include: 189,436 acres (8%) on state of Utah and SITLA lands, 53,704 acres (2%) are privately held, 261,574 acres (12%) are administered by the National Park Service, and 2,701 acres (>1%) are under water. Of the 74 allotments currently permitted, cattle graze 61 allotments, and cattle and horses graze 13 allotments. Based on the proportion of total grazing occurring on BLM-administered lands, the grazing industry is clearly highly dependent on BLM lands.

4.3 Oil and Gas

Statistics for the oil and gas industry are inclusive of Navajo lands. When determining the dependency of this industry upon BLM lands within San Juan County (in both the Moab and Monticello Field Office planning areas), it is important to note the percentage of production that occurs on the Navajo Reservation. The highest producing oil and gas field in San Juan County and in Utah, the Greater Aneth Field, is located on Navajo lands. The Aneth Field produces 92% of all oil and 17% of all gas in San Juan County. BLM lands yield only 8% (maximum) of oil production and 83% (maximum) of gas production. These statistics demonstrate that the oil

industry is only partially dependent on BLM land, whereas the gas industry is largely dependent on BLM land.

Land within the planning area is managed in the following four categories for oil and gas based on their availability for hydrocarbon leasing: open with standard stipulations, timing and controlled surface use, no surface occupancy, and no leasing. Designations of these four categories will be discussed in the alternative development phase in the upcoming RMP, with future decisions administered by federal land managers having a significant influence on oil and gas production in San Juan County.

4.4 Mining

Overall, mining (solid materials) production and employment have consistently decreased since the late 1970s to early 1980s, as the uranium industry came to an end. However, sand and gravel, stone, potash and salt production has continued. Potash production, primarily in Grand County produced on average 400,000 tons per year for the past 5 years. Although production is primarily located in Grand County, indirectly, the economic effects may be felt in San Juan County as well. In 2003, 8,043 tons of stone were excavated from 4 different quarries in San Juan County. Together, these quarries employed approximately 20-30 people, depending on demand.

With the cost of copper now up, Summo Minerals Corporation is set to begin construction on its Lisbon Valley site. The mine, primarily on BLM Moab Field Office lands, will employ approximately 145 people and produce 12,500 tons of ore per day, which in turn will yield 17,000 tons of copper per year. Construction will employ another 80 people for approximately 10 months. This mine when finally open is projected to have a positive direct and indirect economic effect on both San Juan and Grand Counties.

Land open to exploration and development of locatable minerals are subject to the 43 CFR 3809 regulations. These regulations were developed to meet the intent of Section 302 (b) of FLPMA which mandates agencies to take any action necessary to prevent any undue or unnecessary degradation of the land. Extraction of solid materials on public land is categorized in three categories: casual use, notice level, and plan of operation. The third category, plan of operation, requires BLM review and approval necessitating preparation of an environmental assessment (EA) or environmental impact statement. Future decisions in regards to mining will be influenced by policies, and regulations administered by federal land managers, as well as public comments via the NEPA process.

5.0 CONCLUSIONS

Population, economy, and land are integrally linked to one another in a community. Regarding San Juan County, the following conclusions can be drawn:

- The identity of San Juan County, as expressed by the Socioeconomic Discussion Group, is not linked to any particular sector of the economy. Rather, County residents recognize a diverse economy and see this as a sustainable future for the County.
- San Juan County is composed of numerous small communities, with approximately half of County residents residing on the Navajo Reservation.

- The presence of the Navajo Reservation presents unique challenges and opportunities within the planning of San Juan County.
- The San Juan County General Plan expresses in detail the idea of cooperation between federal land agencies and the County for the benefit of sustainable, multiple-use concepts.
- The population of San Juan County is growing slowly, and its population is aging. This statistical trend is reinforced by the residents' perception that the community is losing its youth to other regions with more opportunity.
- Since 1970, the economy of San Juan County has changed dramatically from a mining-based economy to a service-based economy.
- The trend away from a mining-based economy has caused a drop in earnings over the last 20 years.
- The largest current job base in San Juan County is in the Government sector, comprising 30% of the total employment in the County.
- Wages have dropped steadily since 1980 due to the loss of jobs within the mining sector.
- Income from agriculture has dropped dramatically since 1970.
- Tourism in San Juan County has grown slowly and consistently over the last decade. The drop in 2001 can be attributed to the drop in the overall national economy. The perception of drought has also kept tourists away from the area.
- The Services sector of the economy will rise and fall in response to rising and falling trends of other sectors of the economy. This sector is expected to see continued growth in the coming years.
- The policies adopted by the BLM have had and will continue to have a direct impact on the tourism, grazing, and oil and gas and mining sectors in San Juan County.

6.0 SOURCES

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